COMPENSATION DISCUSSION AND ANALYSIS

Executive Summary

The following provides an overview of our compensation philosophy and programs as detailed in the "Compensation Discussion and Analysis."

- The Dow Chemical Company ("Dow" or the "Company") believes in pay-for-performance, which is why about 80% of the compensation of our Named Executive Officers ("NEOs") is linked to a combination of personal and Company goals and stock price performance.
- The following elements comprise the total compensation awarded to our NEOs: base salary, cash-based annual incentive award ("Performance Award"), and equity-based long-term incentive ("LTI") awards consisting of Performance Shares, Stock Options, and Deferred Stock.
- LTI awards are used to align executive actions with long-term management and stockholder goals, providing rewards consistent with the creation of stockholder value. They also help retain executives over time and help executives meet their stock ownership guidelines.
- We target all elements of our compensation programs to provide compensation opportunity at the median of our peer group. Actual payouts under these programs can be above or below the median based on Company and personal performance.
- Our annual Performance Award is aligned directly to annual Company goals and performance, in line with our "pay-for-performance" philosophy.
- Our executives participate in the same group benefit programs, on substantially the same terms as other salaried employees.
- Our executives are allowed limited perquisites, such as financial planning services and executive physical examinations, which are granted to facilitate strong, focused performance on their jobs.
- Our compensation programs are designed to attract, motivate, reward, and retain the most talented executives.
- The Compensation and Leadership Development Committee (the "Committee") exercises discretion in determining compensation actions when necessary due to extraordinary changes in the economy, unusual events, or overall Company performance.
- The NEOs who appear in the compensation tables of this 2010 Proxy Statement are:
  - Andrew N. Liveris, Chairman and Chief Executive Officer ("CEO")
  - Geoffery E. Merszei, Executive Vice President; President of Dow Europe, Middle East and Africa; Chairman of Dow Europe; Former Chief Financial Officer ("CFO")
  - William H. Weideman, Vice President and Interim Chief Financial Officer ("Interim CFO")
  - Charles J. Kalil, Executive Vice President, Law and Government Affairs, General Counsel, and Corporate Secretary
  - Heinz Haller, Executive Vice President, Performance Systems
  - William F. Banholzer, Executive Vice President, Ventures, New Business Development & Licensing and Chief Technology Officer
  - Pierre Brondeau, Former President and CEO of Dow Advanced Materials Division

Introduction

Dow combines the power of science and technology with the "Human Element" to passionately innovate what is essential to human progress. The Company connects chemistry and innovation with the principles of sustainability to help address many of the world's most challenging problems such as the need for clean water, renewable energy generation and conservation, and increasing agricultural productivity. Dow's diversified industry-leading portfolio of specialty chemical, advanced materials, agrosciences and plastics businesses delivers a broad range of technology-based products and solutions to customers in approximately 160 countries and in high growth sectors such as electronics, water, energy, coatings and agriculture. In 2009, Dow had annual sales of $45 billion and employed approximately 52,000 people worldwide. The Company's more than 5,000 products are manufactured at 214 sites in 37 countries across the globe.

S&P
CAPITAL IQ
The Dow Chemical Company (NYSE:DOW) - Share Pricing Open: 0.00 High: 8.78 Low: -83.94 Close: -17.99 Avg: -26.66
S&P 500 Sector Indices - Materials Sector Index - Index Value Open: 0.00 High: 10.03 Low: -58.31 Close: -8.55 Avg: -19.45
10.00%
0.00%
-10.00%
-20.00%
-30.00%
-40.00%
-50.00%
-60.00%
-70.00%
-80.00%
-90.00%
Jan-2008
Jul-2008
Jan-2009
Jul-2009
Jan-2010
Jul-2010
Jan-2011
Jul-2011
Jan-2012
Jul-2012

The following table lists outstanding equity grants for each NEO as of December 31, 2009. The table includes outstanding equity grants from past years as well as the current year.

OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END

Name	Grant Date	Option Awards				Stock Awards			
		Number of Securities Underlying Unexercised Options (#) Exercisable (a)	Number of Securities Underlying Unexercised Options (#) Unexercisable (a)	Option Exercise Price ($)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#) (b)	Market Value of Shares or Units of Stock That Have Not Vested ($) (b) (c)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#) (d)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($) (b) (d)
Andrew Liveris (e)	02/16/2000	66,000	—	36.02	02/16/2010	n/a	n/a	n/a	n/a
	03/02/2001	31,700	—	33.94	03/02/2011	n/a	n/a	n/a	n/a
	02/15/2002	38,300	—	30.43	02/15/2012	n/a	n/a	n/a	n/a
	02/14/2003	62,500	—	27.40	02/14/2013	n/a	n/a	n/a	n/a
	02/13/2004	90,000	—	43.49	02/13/2014	n/a	n/a	n/a	n/a
	02/18/2005	180,000	—	53.53	02/18/2015	55,000	1,519,650	n/a	n/a
	03/01/2006	400,000	—	43.68	03/01/2016	50,000	1,381,500	n/a	n/a
	02/16/2007	306,666	153,334	43.59	02/16/2017	60,000	1,657,800	58,200	1,608,066
	02/15/2008	206,456	412,914	38.62	02/18/2018	71,210	1,967,532	71,210	1,967,532
	02/13/2009	—	909,100	9.53	02/13/2019	138,820	3,835,597	138,820	3,835,597
	10/16/2009	n/a	n/a	n/a	n/a	n/a	n/a	162,000	4,476,060
Geoffery Merszei	07/01/2005	311,340	—	44.74	07/01/2015	16,580	458,105	n/a	n/a
	03/01/2006	134,850	—	43.68	03/01/2016	16,380	452,579	n/a	n/a
	02/16/2007	130,666	65,334	43.59	02/16/2017	25,200	696,276	24,444	675,388
	02/15/2008	77,333	154,667	38.62	02/18/2018	26,690	737,445	26,690	737,445
	02/13/2009	—	231,700	9.53	02/13/2019	35,380	977,549	35,380	977,549
William Weideman (e)	02/16/2000	15,000	—	36.02	02/16/2010	n/a	n/a	n/a	n/a
	03/02/2001	6,000	—	33.94	03/02/2011	n/a	n/a	n/a	n/a
	02/15/2002	7,500	—	30.43	02/15/2012	n/a	n/a	n/a	n/a
	02/14/2003	12,250	—	27.40	02/14/2013	n/a	n/a	n/a	n/a
	02/13/2004	11,670	—	43.49	02/13/2014	n/a	n/a	n/a	n/a
	02/18/2005	13,340	—	53.53	02/18/2015	3,480	96,152	n/a	n/a
	03/01/2006	16,190	—	43.68	03/01/2016	1,970	54,431	n/a	n/a
	02/16/2007	24,266	12,134	43.59	02/16/2017	4,550	125,717	4,414	121,959
	02/15/2008	13,749	27,501	38.62	02/18/2018	4,750	131,243	4,750	131,243
	02/13/2009	—	57,035	9.53	02/13/2019	8,710	240,657	8,710	240,657
	10/16/2009	n/a	n/a	n/a	n/a	n/a	n/a	23,000	635,490
Charles Kalil (e)	02/16/2000	15,000	—	36.02	02/16/2010	n/a	n/a	n/a	n/a
	03/01/2000	n/a	n/a	n/a	n/a	108	2,984	n/a	n/a
	02/23/2001	n/a	n/a	n/a	n/a	55	1,520	n/a	n/a
	03/02/2001	5,000	—	33.94	03/02/2011	n/a	n/a	n/a	n/a
	02/15/2002	5,700	—	30.43	02/15/2012	n/a	n/a	n/a	n/a
	02/14/2003	10,000	—	27.40	02/14/2013	n/a	n/a	n/a	n/a
	02/13/2004	8,000	—	43.49	02/13/2014	n/a	n/a	n/a	n/a
	02/18/2005	17,500	—	53.53	02/18/2015	4,610	127,374	n/a	n/a
	03/01/2006	48,550	—	43.68	03/01/2016	5,900	163,017	n/a	n/a
	02/16/2007	46,666	23,334	43.59	02/16/2017	9,100	251,433	8,827	243,890
	11/01/2007	n/a	n/a	n/a	n/a	40,000	1,105,200	n/a	n/a
	01/02/2008	n/a	n/a	n/a	n/a	10,000	276,300	n/a	n/a
	02/15/2008	55,236	110,474	38.62	02/18/2018	19,060	526,628	19,060	526,628
	12/11/2008	n/a	n/a	n/a	n/a	5,000	138,150	n/a	n/a
	02/13/2009	—	308,930	9.53	02/13/2019	47,180	1,303,583	47,180	1,303,583
	10/16/2009	n/a	n/a	n/a	n/a	n/a	n/a	61,000	1,685,430
Heinz Haller	06/01/2006	64,725	—	39.89	06/01/2016	7,861	217,199	n/a	n/a
	02/16/2007	66,666	33,334	43.59	02/16/2017	12,600	348,138	12,222	337,694
	02/15/2008	77,333	154,667	38.62	02/18/2018	26,690	737,445	26,690	737,445
	03/03/2008	n/a	n/a	n/a	n/a	9,324	257,622	n/a	n/a
	02/13/2009	—	321,800	9.53	02/13/2019	49,140	1,357,738	49,140	1,357,738
	10/16/2009	n/a	n/a	n/a	n/a	n/a	n/a	61,000	1,685,430
William Banholzer	07/14/2005	55,000	—	47.00	07/14/2015	2,500	69,075	n/a	n/a
	07/14/2005	8,250	—	47.00	07/14/2015	n/a	n/a	n/a	n/a
	03/01/2006	80,910	—	43.68	03/01/2016	9,830	271,603	n/a	n/a
	02/16/2007	78,332	39,168	43.59	02/16/2017	14,700	406,161	14,259	393,976
	02/15/2008	55,236	110,474	38.62	02/18/2018	19,060	526,628	19,060	526,628
	02/13/2009	—	321,800	9.53	02/13/2019	49,140	1,357,738	49,140	1,357,738